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SUBJECT: BOSNIA - DEFENSE REFORM PROGRESSES BUT  
DETERIORIATING POLITICAL SITUATION COULD JEOPARDIZE GAINS

REF: A. 06 SARAJEVO 2259

1B. SARAJEVO 1563

Classified By: Ambassador Douglas McElhaney. Reasons 1.4 (b) and (d).

11. (C) SUMMARY: During the past six months, Bosnia has made important progress in defense reform. Defense Minister Selmo Cikotic and his senior deputies have demonstrated that they are committed to reforms and moved quickly to fill the leadership vacuum that existed at the Ministry of Defense (MoD) in the months following the October 2006 elections. The Ministry and the Bosnian Armed Forces (ABiH) completed the long-delayed personnel selection process and both institutions are nearing full strength. The ABiH force structure has been largely stood up, and most new units have been manned and moved to their home bases. For the most part, defense reform has not been the subject of bitter ethnic political debates that have paralyzed most other reforms, which has provided Cikotic and his team the space they need to make progress. Defense reform is by no means complete, however. Defense property issues remain unresolved, and recent visits to the new infantry brigades' headquarters highlighted the negative consequences this is having for the Armed Forces. Over the longer-term, Bosnia will have to re-evaluate the military's force structure, and develop a more rational, stream-lined force based on what the state can actually afford rather than on the need to balance competing ethnic interests. U.S. engagement and influence remain crucial to ensuring defense reform remains on track. We will continue to try and insulate defense issues from the wider political tumult in Bosnia, but if the situation continues to deteriorate, it is unlikely that defense reform will remain immune from the bitter ethnic politics that have plagued Bosnia over the last 18 months. END SUMMARY

GOOD TEAM AT MOD

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12. (C) Minister of Defense Cikotic has proven himself a competent and dedicated proponent of defense reform and adept at managing the challenges attendant to operating in a rapidly deteriorating political environment. He is a strong

supporter of the U.S. and NATO, and he shares our vision of a multiethnic Bosnian Armed Forces integrated into the Atlantic Alliance. Ministry employees have praised Cikotic's management style, which includes regular planning meetings for all Ministry senior staff -- something that had previously never occurred. Deputy Defense Minister Igor Crnadak, who will soon also be formally appointed as Bosnia's first "NATO Coordinator," has also been impressive. On his own initiative, he has begun drafting strategic policy guidelines on important defense issues such as Bosnia's overseas deployments and procedures for the disposal of surplus small arms and light weapons. The joint staff, under LTG Podzic's leadership, continues to provide effective guidance to the Armed Forces, and our conversations with senior military leaders indicate that morale and the commitment to reform remains high within this group.

#### REACHING FULL STRENGTH

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¶3. (C) Under Cikotic's leadership, defense reform, which stalled following the October 2006 elections, has regained its forward momentum in recent months. The MoD made progress hiring civilian personnel, and the Ministry should be at close to full-staffing by the end of September. Former entity defense officials were given preference during the hiring process. Though not all of these are as committed to our vision of a multiethnic defense establishment as we would like, overall the new staff enhances the MoD's operational effectiveness. Some important jobs, particularly those dealing with NATO and other international cooperation issues, remain unfilled, but Crnadak's commitment to the PfP/NATO process is enough to overcome these gaps in the short-term. The Bosnian Armed Forces has nearly completed filling out its new force structure, with the new units manned and stationed at their home bases. Most of the units, with their multiethnic command structures, have been declared "operational." The new forces were put to their first test this summer in assisting local authorities in extinguishing the forest fires that raged across southeastern Bosnia. While the response of state and local officials to the fires has been widely criticized, the Armed Forces acquitted themselves admirably and is regarded as the only institution to effectively respond to the crisis.

#### NOT A POLITICAL FOCUS FOR NOW

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¶4. (C) For the most part, defense reform is not the hot button political issue it once was, and thus far, defense reform issues have not been caught up in the nasty ethnic politics we have seen over the last 18 months. Recent comments from RS Prime Minister Milorad Dodik aside, political leaders appear to accept the necessity of defense reforms as key to Bosnia's accession into Euro-Atlantic institutions. (Note: Dodik recently attacked the Bosnian Army as a "NATO force" and implicitly demeaned those serving in it. We made clear to Bosnian Serb political leaders that this kind of attack on one of the most successful post-Dayton reforms was unacceptable. End Note) Minister Cikotic recently told us that he preferred it when leading politicians "ignored" his work, since it provided him the political space and opportunity he needed to complete defense reform and keep it insulated from the divisive political climate here. Major General Dragan Vukovic, Commander of the Armed Forces Support Command in Banja Luka, told us he had noticed a change in the past year in the positions of senior RS officials vis-a-vis defense reform. For the first time since the reforms were adopted, Vukovic said that he no longer felt any political pressure from Banja Luka on defense issues.

#### REAL CHANGE ON THE GROUND

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¶5. (C) One year after similar trips made by the Ambassador (Ref A), we visited the headquarters of the three infantry brigades and the main military training facility in late August and early September. In our visits and discussions

with the brigade commanders in Capljina, Tuzla and Banja Luka, and at the training facility in Manjaca, we were impressed by the strides made by the ABiH. (Note: Each infantry brigade consists of three mono-ethnic infantry battalions, one Bosnian-Serb, Croat, and Bosniak. End Note.) Unlike last year, all soldiers were wearing the appropriate Bosnian military uniform instead of the old entity variety and all insignia and other designations of the former entity armies had been removed from the bases. The units themselves had been stood up and were at approximately 80% of their projected manpower. The shortfall was due primarily to a lack of Bosnian-Croat recruits. All the brigades' commanding generals told us that they had not had any ethnic problems in their units' integrated command elements, an assertion backed up by their staffs. In one exchange, Brigadier General Mirsad Gotic, the Bosniak commander of the Fifth Infantry Brigade in Tuzla, asked his Bosnian-Serb Chief of Staff to share his views about ethnic relations and his move from Bijelina to Tuzla. Gotic then left the room so his Chief of Staff could speak freely. The Chief of Staff confessed that he had been apprehensive about leaving the RS, but confirmed that his fears had been unfounded, and that he had been well-received. He commented that ironically it was the Armed Forces that had made the most progress with ethnic reconciliation.

#### DEFENSE PROPERTY UNDERMINES ARMED FORCES

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¶6. (C) The visits also exposed the adverse effect that the failure to resolve the defense property issues was having on the Armed Forces. Defense property remains the largest unfinished element of defense reform, with the entities and state yet to develop a binding property transfer agreement following July's political agreement (reftel B). All three brigade commanders told us that while their units are "operational," the brigades were stretched thin guarding defense related sites that may or may not be transferred to the state. General Ante Jelic, the commander of the 4th Brigade in Capljina, told us that nearly all the men under his command, including cooks and drivers, were currently engaged in guarding such sites, and that they would have to do so until a legal transfer arrangement was reached that released control of unwanted sites to the entities. In addition, unresolved property issues affected units' ability to meet their logistical needs. Under the new force structure, the main combat training facility was located in Manjaca in the RS. The commander at Manjaca told us that he was unable to get needed supplies from the former Federation training facility in Glamoc. According to the commander, no senior military official was willing to sign an order transferring equipment across the entity boundary line in the absence of a formal, legally binding transfer agreement.

#### NEED FOR A "RATIONAL," NOT "POLITICAL," FORCE STRUCTURE

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¶7. (C) In Banja Luka, we met with Major General Dragan Vukovic, the commander of the Support Command. Vukovic told us that he believed the military had met or exceeded the most optimistic expectations with regards to standing up its force structure and implementing other elements of defense reform. Nonetheless, Vukovic said that the current force structure was not sustainable for the long-term, noting that it made little sense for a country the size of Bosnia to maintain three combat infantry brigades. He stressed that the decision to have three infantry brigades, one each based in traditional Bosniak, Serb and Croat areas, was political, not based on bottom-up review of the country's defense requirements. Vukovic said that the Bosnian leadership would eventually have to look at cutting the force to a level that would be affordable. Vukovic noted that the Armed Forces currently used over 80% of the defense budget for salaries, and little additional resources for basic maintenance, facility upgrades or deployments. Even if Bosnia raised defense expenditures to 2% of GDP, the NATO standard, it would still leave the Armed Forces starved of resources. In his view, Bosnia needed only one infantry brigade and should

maintain a force of 5-6,000 active duty soldiers, approximately 60% the size of the current force.

COMMENT: US INVESTMENT PAYS OFF, BUT VIGILANCE REQUIRED

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18. (C) Eighteen months after the Law on Defense went into effect, we are seeing concrete progress on defense reform. Under the able leadership of Minister Cikotic and his chief civilian and military deputies, one single Armed Forces has been formally stood up and is operational, and the country is moving closer to NATO. These accomplishments are impressive given the deteriorating political climate in Bosnia. We have worked hard to ensure defense issues remain insulated from the current political fray and have provided strong support to Cikotic and his team. This support and our continued engagement remain critical to keeping the defense reform process on track. In particular, we must continue to push the political leadership to complete the transfer of defense properties, since further delays directly impact the Armed Forces' capacity to fulfill its missions. General Vukovic's observations about Bosnia's force structure are valid, and over the long-term, and hard choices will have to bring the force structure in line with the country's budgetary realities. We should expect to assist in the development of such a leaner, more rational force. In the near-term, we need to focus on keeping the rising nationalism from infecting the MoD and Armed Forces. However, if the situation here deteriorates too much, that may not be possible. The MoD and Armed Forces are post-Dayton success stories, but they remain fragile institutions and works in progress. A sustained effort to undermine their legitimacy or effectiveness would likely prove successful.

MCELHANEY